

GAMING UPDATE

Volume 13, Edition 2

June 1999



License Renewal Time Is Upon Us

All nonprofit organizations currently licensed for bingo, pickle card, or lottery/raffle activities and businesses currently licensed as pickle card operators or commercial lessors should have received by now their 1999-2000 license renewal application(s).

More detailed information on county/city lottery license renewals can be found on page 10 of this issue of the *Gaming Update*.

If you have not received this information, please check the mailing address identified on your current license(s). This mailing address is the address of record on file with the Charitable Gaming Division for your organization or business and is the address where all correspondence regarding your gaming activities is mailed. If you are still unable to locate your license renewal application(s), please contact our office at (402) 471-5937.

All bingo, pickle card, and lottery/raffle licenses and authorizations will expire at midnight on September 30, 1999. In order to continue any of these charitable gaming activities on and after October 1, 1999, you must have physical possession of your new 1999-2000 licenses and applicable authorizations. If you do not have your 1999-2000 licenses and applicable authorizations as of October 1, 1999, you must discontinue all charitable gaming activities until you have been issued the proper licenses and authorizations. No exceptions will be made.

Nonprofit Organizations (Bingo and Pickle Cards): Your application to renew a bingo or pickle card license must be received by our office or postmarked no later than

August 16, 1999 (unless your application relates only to a limited period bingo occasion or special function pickle card sales authorization). Applications filed by August 16, 1999 will receive processing priority. **Any nonprofit organization whose application is postmarked after the August 16, 1999 due date may not have a 1999-2000 license by October 1, 1999, and may also be subject to an administrative fine.**

Lottery/Raffle License Renewals: An application to renew a lottery/raffle license must be received by our office or postmarked at least 30 days prior to the date your organization intends to begin selling tickets. **Please be certain to complete and attach the Lottery/Raffle Supplemental Questionnaire.**

Pickle Card Operator Authorizations: An application to renew a pickle card operator authorization will not be processed unless the business involved has renewed its pickle card operator license for the 1999-2000 license year. Once a pickle card operator authorization has been issued, it will be sent to your organization. It is your responsibility to deliver the authorization to the pickle card operator and have it posted conspicuously at the business establishment. **No pickle cards may be sold by a business until it has physical possession of both a 1999-2000 pickle card operator's license and a 1999-2000 pickle card operator authorization from the organization for which it intends to sell individual pickle cards.**

Correct Fees and Signatures: Before mailing the license application, please verify that the license fees are correct and all of the necessary signatures have been provided. Incomplete or improperly signed applications will be returned. Checks for the license fees must be payable to the Nebraska Department of Revenue.

Changes to This Year's License Renewal Applications

For the most part, this year's preprinted license renewal applications are the same as you have completed in the past.

(continued on page 3)

THIS ISSUE CONTAINS

Counterfeit Scheme	4
Bingo Tax Clarification	5
Administrative Actions	6-8
1999 Legislative Session	9
County/City Lottery Biennial Renewal	10

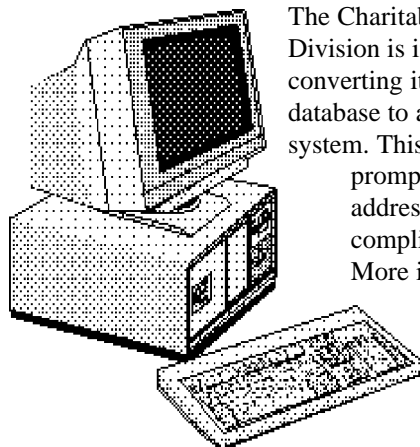
New Tax Commissioner Takes Over Revenue Reins

We wish to extend a big welcome home to our new State Tax Commissioner, **Mary Jane Egr**. Mary Jane joined the Department in March, leaving her position as a partner with the tax accounting firm of PricewaterhouseCoopers in McLean, Virginia. She is a native Nebraskan from Wahoo, and attended Creighton University and Creighton Law School. Mary Jane previously worked for the Nebraska Department of Revenue from 1988 to 1990 serving as a staff attorney.

We're Building A New Website

By the time this newsletter reaches your mailbox, the Charitable Gaming Division hopes to have added several new items and features to our Internet web site. Plans are under way to make access to the gaming statutes, regulations, revenue rulings, and application and reporting forms as quick as a click of a button! Additionally, we plan to add other "Links of Interest" to our site which will allow you to access the Nebraska Legislature's home page, the Internal Revenue Service, and sites offering information and assistance for compulsive gambling. So log on to the "Information Highway" and check us out at www.nol.org/revenue, then click on "Charitable Gaming!"

Licensing Database Conversion To Address Y2K Issues



The Charitable Gaming Division is in the process of converting its license database to another database system. This change is prompted in part to address Y2K compliance issues. More importantly the new system will also provide the Division with a more efficient processing system. The

conversion to the new system will be ongoing during license renewal application processing. Although we don't anticipate any delays in the issuance of licenses attributable to this transition, as with any new system there will no doubt be unexpected problems encountered. We request your patience with our licensing staff during this process.

NEBRASKA DEPARTMENT OF REVENUE
STATE TAX COMMISSIONER — MARY JANE EGR
Charitable Gaming Division Administrator — Jim Bogatz
Investigation Division Administrator — Greg Schnasse
Charitable Gaming Division Managers — Steve Schatz, Policy/Licensing
Gerald Otoupal, Audit

WHO TO CONTACT FOR

Audits, Annual and Quarterly Reports, and Tax Returns

Gerald Otoupal	471-5940
Gene Weiner	471-5953

Pickle Card Receipt Books

Mary Gropp	471-5937
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Licenses, Authorizations, Permits, Device Decals, and Forms

Chris Schweitzer	471-5939
Carri Fitzgerald	471-5949

Bingo, Pickle Card, and Lottery/Raffle Game Conduct

Deb Weber	471-5944
Steve Schatz	471-5943

County/City Lottery Licensing and Game Conduct

Steve Schatz	471-5943
Linda Knox	471-5945

County/City Lottery Audit and Tax Returns

Gerald Otoupal	471-5940
Pete Andersen	471-5936

Investigations, Complaints, and Fingerprints

Greg Schnasse	471-5941
Mike Olsen	471-5948

Inspections

Merle Reiling	471-5947
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Legal Proceedings

Jean Angell	471-5684
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Renewal Time (Cont.)

(continued from page 1)

However, we have made the following changes:

Utilization of Funds Member - A separate license renewal application has been printed for each individual currently licensed as a Utilization of Funds Member for your organization. If you are renewing the license, please make certain to **include the signatures of the applicant and of an officer of your organization** on the application. In addition, the applicant must complete the questions relating to his or her criminal history. Incomplete or improperly signed applications will be returned.

Sales Agent - A separate license renewal application has been printed for each individual currently licensed as a Sales Agent for your organization. If you are renewing the license, please make certain to **include the signatures of the applicant and of a Utilization of Funds Member of your organization** on the application. In addition, the applicant must complete the questions regarding any commissions to be received and the questions relating to his or her criminal history. Incomplete or improperly signed applications will be returned.

Annual Reports

A nonprofit organization which held a bingo, pickle card, or lottery/raffle license during any portion of the period July 1, 1998 through June 30, 1999, **must complete and submit an annual report for each gaming activity** for which the organization was licensed. Bingo, pickle card, or lottery/raffle renewal licenses for the 1999-2000 license year will not be issued until a complete and accurate annual report has been filed for each gaming activity. The annual reporting forms were included with your preprinted license renewal applications. If you have not received the annual reporting forms, please contact our office. The annual reports must be received by our office or postmarked no later than August 16, 1999, in order to be considered timely filed. **Any nonprofit organization whose annual report is postmarked after the August 16, 1999 due date may not have a 1999-2000 license by October 1, 1999, and may also be subject to an administrative fine.**

Pickle Card Operators: Your license renewal application **must be received by our office or postmarked no later than August 2, 1999** in order to be considered timely filed. Applications filed by August 2, 1999 will receive processing priority. **Any business whose application is postmarked after the August 2, 1999 due date may not have a 1999-2000 license by October 1, 1999, and may also be subject to an administrative fine.** Incomplete or improperly signed applications will be returned. **Please be certain to include the \$50 license fee with the license renewal application.**

Information pertaining to the owners, partners, or corporate officers of your business which we currently have on file is preprinted on the license application for you to review. **If there has been a change of ownership** in your business resulting in the issuance of a new liquor license by the Nebraska Liquor Control Commission or your business has been assigned a new Nebraska Identification Number (State ID Number) by the Department of Revenue, the preprinted license renewal application may not be used. A separate Nebraska Application for Pickle Card Operator, Form 50D, must be completed in its entirety and filed with the Charitable Gaming Division. Please contact the Charitable Gaming Division to obtain a Form 50D, or visit our web site at: www.nol.org/revenue, then click on "Charitable Gaming."

Commercial Lessors: Your license renewal application must be received by our office or postmarked no later than August 16, 1999 in order to be considered timely filed. Applications filed by August 16, 1999 will receive processing priority. **Any business whose application is postmarked after the August 16, 1999 due date may not have a 1999-2000 license by October 1, 1999, and may also be subject to an administrative fine.** Incomplete or improperly signed applications will be returned. **Please be certain to complete the Commercial Lessor of Bingo Premises Supplemental Questionnaire and include the \$100 license fee.**

Manufacturers and Distributors: Your biennial license renewal application must be received by our office or postmarked no later than August 16, 1999 in order to be considered timely filed. Applications filed by August 16, 1999 will receive processing priority. **Any business whose application is postmarked after the August 16, 1999 due date may not have a 1999-2001 license by October 1, 1999, and may also be subject to an administrative fine.** Incomplete or improperly signed applications will be returned. **In conjunction with this year's license renewal application processing,** manufacturer and distributor license renewal applicants will be required to complete and file **updated Personal History Records** for all individuals which are required to file a Personal History Record if such individual has not filed a Personal History Record since January 1, 1998. This includes in the case of a corporation, each corporate officer and his or her spouse and any individual stockholder owning 10 percent or more of the outstanding stock of the corporation; in the case of a partnership, each partner and his or her spouse; in the case of a limited liability company, each member and his or her spouse; and in the case of a sole proprietorship, the individual owner. If a spouse has previously filed with our office an Affidavit for Waiver of Fingerprinting and/or Personal History Record, he or she will not be required to file a Personal History Record.

Two Suspects Arrested in Counterfeit Pickle Card Scheme

A joint effort between the Department of Revenue's Investigation Division and the Lincoln and Fremont Police Departments has resulted in the arrest of two individuals suspected of cashing several counterfeit pickle cards in Nebraska. However, **at least one other suspect was still at large at the time we went to print** and has continued the fraudulent scheme costing several pickle card operators hundreds of dollars.

In April, the Charitable Gaming Division issued an alert to all pickle card operators and sales agents advising that a rash of **counterfeit winning pickle cards** had surfaced at a number of pickle card operator locations across the state. The counterfeit pickle cards are usually high-tier winners; and the counterfeiting is extremely difficult to detect. Due to the fact that at least **one known suspect may still be operating** the counterfeiting scheme, the Department is urging all pickle card operators and licensed organizations to **exercise extreme caution** when redeeming **any** high-tier winning pickle cards.

Again, the counterfeit symbols are extremely difficult for an untrained person to detect. Additionally, the counterfeiters have been careful to ensure that the serial number of the counterfeit pickle cards matches the serial number of a pickle card game actually being sold at the location where they are presenting the card for payment. Thus, simply verifying the serial number of the pickle card before payment will not necessarily detect a counterfeit card.

Two of the counterfeiters arrested were white males; however, on occasion they had been accompanied by white females. It was still unknown at the time of this newsletter publication, exactly how many individuals are involved in this counterfeiting ring.

The Department suggests that all pickle card operators and licensed organizations **alert your employees to this problem.** To reduce your risk of accepting a counterfeit pickle card, you may wish to institute any or all of the following procedures:

- **Post a sign advising that all pickle cards must be played and redeemed on the premises at the time of sale.** If selling pickle cards through a dispensing device, post the sign clearly on the device itself.
- **Check the identification of anyone you do not know who is redeeming a high-tier winning pickle**

card. Write the individual's name, address, and date of birth directly on the pickle card.

- **Institute a policy and post a sign advising that the payment of high-tier winners may be delayed for 24 hours.** This will give you time to carefully examine the winning card. Do not let the individual leave the premises with the pickle card; retain the card and advise that it must be approved by management. Provide a receipt for the card if necessary.
- **Keep track of the number of high-tier winners** to ensure that too many winners are not paid.
- **Properly deface and dispose of all winning pickle cards.** The counterfeiters may be obtaining played pickle cards from your trash. Mark through winning symbols with a black marker.
- **And finally, report suspicious behavior to the Department.** If someone refuses to show identification or leaves your premises in a hurry with the pickle card and you can obtain a vehicle license plate number **without endangering yourself**, please do so. **Immediately telephone the Department's Investigation Division at (402) 471-5714.** If reporting after 5:00 p.m. or during the weekend, please telephone Investigator Mike Olsen at (402) 471-5948, or Investigator Howard Greene at (402) 595-2019 and leave a message.

Possession of Illegal Video Devices Viewed as Serious Matter By Department

Investigative reports indicate there are many illegal video gambling devices across the state. Unfortunately the proliferation of these devices may have led charitable gaming licensees to believe it would be okay to possess and use such machines on their premises. However, as the summary of administrative and court actions on pages 6-8 of this newsletter clearly demonstrates, **the Charitable Gaming Division has denied or suspended a number of licenses for the possession of illegal gambling devices.** The Division will continue to institute administrative actions in similar circumstances. **Protect your charitable gaming license by keeping illegal video gambling devices off your premises.**

Hey! What Happened to B-15?

Missing and Cracked Bingo Ball Complaints on the Rise



Department inspectors have been busy this spring conducting bingo inspections throughout the state and while most organizations are doing a good job of adhering to the bingo rules and regulations, a disturbing number of **cracked and even missing bingo balls have been reported**. Additionally, the Charitable Gaming Division has received a number of phone calls from the bingo playing public **requesting that we inspect specific bingo locations**, as the frequency of certain bingo numbers being called has raised player suspicion.

We have found several cases where organizations are simply not verifying before the start of each bingo occasion

that all 75 bingo balls are present and being utilized. There have been other instances where bingo balls have been found to be soiled, dented, and/or cracked, any of which can affect the randomness of a ball draw. While verifying the count and condition of the bingo balls before the start of each bingo occasion is currently not a written requirement, **it is only common sense** and should become a routine practice for either the gaming manager or bingo chairperson at each of your bingo occasions. **Please be advised that the Charitable Gaming Division considers and will treat both missing and/or damaged bingo balls as a serious matter;** both conditions can directly affect your bingo game's integrity and the trust of your bingo playing public.

Gambling problem?

Help is Available

The problem gambler is one of a handful of men or women you may see at a card game, bingo hall, casino, or on the Internet. He or she may be sitting right next to you in your own living room, watching a sporting event on television. But the problem gambler is cheering for a team because he or she has bet with money which he or she probably cannot afford to lose. Problem gamblers are estimated to make up 3-5% of the adult population and 14% of the adolescent population!

Some indicators of problem gambling include:

- When work, family, or reputation suffer because of gambling.
- When debts go unpaid, money is borrowed or items are sold to gamble.
- When winning or losing results in an urge to return soon to try again.
- When gambling becomes a means of escaping troubles or celebrating any good fortune.
- When gambling causes a loss of sleep or lack of ambition, or feelings of remorse or self-destruction.

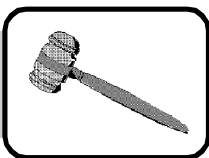
The ***Compulsive Gamblers Assistance Fund*** (supported by Nebraska State Lottery proceeds and a portion of charitable gaming tax revenues) provides funding for counseling services across the state. **Information and referrals are available from the Compulsive Gambling Help Line at 800-560-2126.**

Elimination of Local Bingo Tax Causes Confusion

This past quarter, the Charitable Gaming Division received a number of phone calls from both organizations and city/county clerks seeking clarification on the recent bingo tax reduction that took effect January 1, 1999.

To further clarify, as of January 1, 1999, the local bingo tax (1% of gross receipts) which an organization was required to pay to the local city or county clerk, was eliminated entirely.

The elimination of the local bingo tax means that an organization licensed to conduct bingo no longer needs to submit a copy of its Nebraska Tax Return (for Bingo, Lottery, Raffle), Form 51, to its local city or county clerk. However, an organization licensed to conduct bingo is **still required to obtain a local bingo permit** from the city or county clerk at a cost of \$10 annually. The elimination of the local bingo tax, and the reduction in the state bingo tax from 6% to 3% of the bingo gross receipts were part of LB 99 passed by the Nebraska Legislature in 1997.



Administrative and Court Actions

The following cases reached final administrative determination or court decision since the last issue of *Gaming Update*.

In the Matter of Brass Nugget, Fremont, Docket Number 98-066-35G. This case involved allegations that Brass Nugget had failed to comply with certain financial provisions of the Nebraska Pickle Card Lottery Act. The Department brought an action to revoke the pickle card operator's license. The licensee waived hearing and, without admitting liability, relinquished its pickle card license. The case was dismissed on December 7, 1998.



In the Matter of Mark Slaughter, Brule, Docket Number 98-055-35G. This case involved allegations of payment to a pickle card operator of more than 30% of the definite profit from pickle cards as an inducement for the operator to sell individual pickle cards on behalf of the organization. The sales agent waived hearing, and without admitting liability, paid an administrative fine of \$750. The case was dismissed on December 12, 1998.



In the Matter of Septemberfest, Omaha, Docket Number 98-016-35G. In this case it was alleged that pickle card units were delivered by someone other than a licensed sales agent. On May 26, 1998, the Tax Commissioner ordered Septemberfest to pay a \$200 fine. Septemberfest appealed the decision to the Lancaster County District Court where, on December 31, 1998, the order was reversed.



In the Matter of Phillips Volunteer Fire Department, and Debra Schrunk, Docket Numbers 99-003-35G and 99-004-35G. These cases involved allegations of the sale of pickle cards to an unlicensed and unauthorized pickle card operator, and extension of credit. The licensees waived hearing. Without admitting liability, the sales agent and organization each paid an administrative fine in the amount of \$200. The cases were dismissed on January 17, 1999.



In the Matter of American Civil Liberties Union, Lincoln, Docket Number 98-071-35G. This case involved allegations of extension of credit on the sale of units of pickle cards by the organization to a pickle card operator. The organization waived hearing and, without admitting liability, paid a fine in the amount of \$200. The case was dismissed February 1, 1999.

In the Matter of Todd R. Schulz d/b/a Touchdown Sports, Ogallala, Docket Number 98-061-35G. The Department alleged that Mr. Schulz failed to demonstrate the financial responsibility necessary to be a pickle card operator and maintain a keno sales outlet. On February 12, 1999, subsequent to an administrative hearing, the Tax Commissioner ordered that the pickle card operator and keno sales outlet licenses be revoked.



In the Matter of K & D Engineering d/b/a Hidden Valley Golf Course, Lincoln, Docket Number 99-008-35G. This pickle card operator was charged with selling pickle cards without a pickle card operator's license. The licensee waived hearing and, without admitting liability, paid a fine in the amount of \$100. The case was dismissed February 24, 1999.



In the Matter of Ding A Ling Bar, Raymond, Docket Number 99-007-35G. The case involved allegations of the sale of pickle cards without a pickle card operator's license. The licensee waived hearing and, without admitting liability, paid a fine in the amount of \$200. The case was dismissed March 25, 1999.



In the Matter of Scott Sisel, Dwight, Docket Number 99-010-35G. The sales agent was alleged to have sold pickle cards to a business which did not hold a pickle card operator's license or an authorization to sell pickle cards on behalf of the organization. The sales agent waived hearing, and without admitting liability, paid an administrative fine in the amount of \$200. The case was dismissed on March 29, 1999.



In the Matter of Loyal Order of Moose Lodge 1624, Ogallala, Docket Number 99-013-35G. This case involved allegations of possession of a punchboard which was not properly printed and which was purchased from an unlicensed distributor. The organization waived hearing and, without admitting liability, paid a \$200 fine. The case was dismissed May 5, 1999.



In the Matter of Albee A-1 Services, Inc. d/b/a Office Bar, Oshkosh, Docket Number 98-060-35G. This case

involved allegations of payments to a pickle card operator of more than 30% of the definite profit from pickle cards as inducements for the operator to sell pickle cards on behalf of an organization. On May 14, 1999, following a hearing on this matter, the Tax Commissioner found that the licensee received commissions in excess of the legally allowable commission of 30% of definite profit, and suspended the pickle card operator's license for a period of six months.



In the Matter of Disabled American Veterans, Hastings, Docket Number 98-064-35G. This organization was charged with the **possession of an illegal video gambling device**. The organization waived hearing and, without admitting liability, relinquished its pickle card license for a period of six months and the case was dismissed on November 13, 1998.



In the Matter of Silver Dollar Saloon, Kenesaw, Docket Number 98-063-35G. This pickle card operator was charged with the **possession of illegal video gambling devices**. Following a hearing on the matter, the pickle card operator's license was suspended for a period of six months by order of the Tax Commissioner on January 28, 1999.



In the Matter of American Legion Post 66, Holdrege, Docket Number 98-068-35G. This case involved allegations of the **possession of illegal video gambling devices**. The organization waived hearing and, without admitting liability, relinquished its pickle card license for a period of 6 months. The case was dismissed December 11, 1998.



In the Matter of Fraternal Order of Eagles 3132, Holdrege, Docket Number 98-070-35G. This case involved allegations of the **possession of illegal video gambling devices**. The organization waived hearing and, without admitting liability, relinquished its pickle card license for a period of 3 months and forfeited pickle card profits for a period of three months. The case was dismissed January 4, 1999.



In the Matter of Winchesters, Phillips, Docket Number 98-095-35G. This case involved allegations of a conviction for **possession of illegal video gambling devices**. The licensee waived hearing and, without admitting liability, relinquished its pickle card operator's license for a period of six months. The case was dismissed on March 1, 1999.

In the Matter of Daniel Zahourek d/b/a Z's, Scribner, Docket Number 99-012-35G. It was alleged that this pickle card operator had been convicted of **possession of an illegal video gambling device**. The licensee waived hearing and, without admitting liability, relinquished its pickle card operator license and keno sales outlet license for a period of six months. The case was dismissed on March 19, 1999.



In the Matter of Gilbert Rivera, d/b/a House Bar, North Platte, Docket Number 98-067-35G. This case involved allegations of **possession of an illegal video gambling device**. The Department moved to suspend the pickle card operator's license. A hearing was held and on April 9, 1999, the Tax Commissioner denied the Department's proposed suspension of the pickle card operator's license.



In the Matter of Green Onion, Holstein, Docket Number 98-072-35G. This pickle card operator was charged with the **possession of illegal video gambling devices**. The applicant was advised of the Department's intent to deny the renewal of the pickle card operator's license. The licensee waived hearing and, without admitting liability, deferred its license application for a period of six months. The case was dismissed January 22, 1999.



In the Matter of Elks Lodge 2062, Holdrege, Docket Number 98-069-35G. This case involved allegations of the **possession of illegal video gambling devices**. The licensee waived hearing and, without admitting liability, relinquished its pickle card license for a period of three months and forfeited pickle card profits for a period of three months. The case was dismissed January 4, 1999.



In the Matter of Reruns, Hildreth, Docket Number 98-062-35G. This pickle card operator was charged with the **possession of illegal video gambling devices**. The licensee waived hearing and, without admitting liability, the pickle card operator's license was relinquished for a period of six months.



Judo, Inc. d/b/a East 30 Bar & Grill, Columbus, Docket Number 98-059-35G. This case involved allegations of the **possession of an illegal video gambling device**. The licensee waived hearing and, without admitting liability, relinquished the pickle card operator's license for a period of six months. The case was dismissed February 9, 1999.

In the Matter of Kitty's Bar, Hastings. This bar's application for a pickle card operator's license was denied based on the possession of a video gambling device.



In the Matter of Hickory Enterprises, Omaha. The Department advised Hickory Enterprises of its intention to deny issuance of a pickle card operator's license based on the possession of video gambling devices. Without admitting liability, the applicant chose to defer its pickle card operator's license application for a period of six months.



In the Matter of White Dog Pub, Wayne. The Department advised White Dog Pub of its intention to deny issuance of a

pickle card operator's license based on the possession of an illegal gambling device. Without admitting liability, the applicant chose to defer its pickle card operator's license application for a period of six months.



In the Matter of Cowtown Saloon, Holstein. The Department advised Cowtown Saloon of its intention to deny issuance of a pickle card operator's license based on the possession of illegal video gambling devices. Without admitting liability, the applicant chose to defer its pickle card operator's license application for a period of six months.

Additional Administrative Actions Concerning Late Filers

The chart below shows the licensees that filed annual reports for the 1997/98 reporting period, or license applications for the 1998/99 license year, later than allowed by statute. Unfortunately, the number of violations was greater than that in the previous year. Hopefully, these latest fines ranging from \$200 to \$600, will reduce the number of late filers. In those cases where licensees filed late for a second consecutive year, fines were doubled. Please take this opportunity to mark your calendar so that your annual reports and license applications are filed by the appropriate due dates.

Name of Licensee	Late Annual Report	Late License Application	Fine paid/ Dismissal Date
Eagles 3623, West Point	✓		12/23/98
American Legion Post 110, Dwight		✓	12/23/98
Omaha Suburban Athletic Club		✓	1/27/99
American Legion Post 326, Osmond		✓	12/23/98
American Legion Post 218, Exeter		✓	1/22/99
Fraternal Order of Eagles 3132, Holdrege	✓		2/22/99
Carpenters Local Union 1055, Lincoln	✓	✓	12/29/99
Springfield Volunteer Fire & Rescue		✓	12/14/98
14111 Pacific, Inc., Omaha		✓	1/25/99
Quorem Lounge, Bellevue		✓	1/7/99
Eric's Big Table Tavern, Dennebrog		✓	1/20/99
Leiserv, Inc., Omaha		✓	1/20/99
LPH, Inc. d/b/a Dew Drop Inn, Kennard		✓	3/1/99
Maxi Mae, Omaha		✓	3/29/99
Tio Pepes, Omaha		✓	4/9/99
B & L Invmts. d/b/a Ainsworth Bowl, Ainsworth		✓	1/25/99
Bottoms Up, Inc., Geneva		✓	4/9/99
Dave V, Inc., Omaha		✓	1/8/99
Cuzins, Inc. d/b/a Beer City, Omaha		✓	3/12/99
One II One Marketing, Omaha		✓	3/26/99
Sports Shop, Burwell		✓	3/26/99

1999 Legislative Session Leaves Gaming Statutes Unchanged



The Ninety-Sixth Legislature, First Session adjourned sine die on May 27, 1999, again without enacting any specific legislation affecting charitable gaming related activities. A number of gaming related bills were

introduced, but none of them advanced beyond General File, the first level of debate. Any bills that were not indefinitely postponed (“killed”) by the Legislature will carry over to the 2000 legislative session and be subject to consideration next year. These include:

- **LB 184** Eliminates taxes on certain gaming activities.
- **LB 560** Eliminates certain restrictions on the conduct of keno games.
- **LB 647** The Charitable Gaming Division technical corrections bill.
- **LB 658** Authorizes a new form of pickle cards (bingo event tickets) where the winners are determined by the drawing of bingo balls at a bingo occasion.
- **LB 659** Authorizes electronic pickle card devices.

A number of **interim study resolutions** have also been proposed by members of the Legislature. These studies will examine certain gaming related issues and report back to the full Legislature for consideration of possible legislation. Study resolutions introduced include:

- **LR 121** (Introduced by Sens. Janssen, Hartnett, and Dickey) – Authorizing an interim study to examine possible ways to reverse the declining trend in charitable gaming revenues (e.g., reducing charitable gaming taxes and the resulting impact on the Charitable Gaming Division and the Compulsive Gamblers Assistance Fund; removing certain restrictions on keno – including the 5-minute rule and the paper ticket requirement; utilizing new technologies including electronic pickle card devices; statutory changes to combat the proliferation of illegal gambling devices).

- **LR 172** (Introduced by Sens. Janssen, Baker and Connealy) – Authorizing an interim study to examine the feasibility of legalizing electronic pickle card devices in Nebraska.

- **LR 193** (Introduced by Sen. Lynch) – Authorizing an interim study to examine the reasons for the decline in pickle card operators and to attempt to find solutions for increasing their numbers.

We will try to advise you of the dates and locations for these interim study hearings once they are scheduled.

Death of Senator Schellpeper Changes Committee

Since our last newsletter, our legislative oversight committee, the General Affairs Committee, has undergone some significant changes. We’re sorry to have to report that long-time Committee Chairman **Stan Schellpeper** passed away on Easter Sunday at a family gathering in his home town of Stanton. Senator Schellpeper provided many years of dedicated service to the gaming industry, and we’ll all miss his wit and gentle, guiding influence.

Senator Ray Janssen of Nickerson has been tabbed by the Legislature to assume the chairmanship of the General Affairs Committee. Senator Janssen previously served on the General Affairs Committee, so he is familiar with the wide range of issues facing the gaming industry. In addition, long-time Committee Counsel **Ken Winston** also left the Committee at the end of the recent legislative session. He has been replaced by **Lynne McNally**, Senator Janssen’s former Legislative Aide. We wish Ken the best of luck in his new endeavors, and also extend a warm welcome to Senator Janssen and Ms. McNally.

County/City Lottery Biennial License Renewal Time



All counties, cities, and villages should have received by now their 1999-2001 biennial license renewal application(s).

All license renewal applications, including lottery operators and sales outlet locations, were mailed to the sponsoring county,

city, or village. If you have not received this information, please check the mailing address identified on your current license(s). This mailing address is the address of record on file with the Charitable Gaming Division for your community and is the address where all correspondence regarding your gaming activities is mailed. If you are still unable to locate your license renewal application(s), please contact our office.

Your applications to renew county/city lottery licenses, including lottery operators and sales outlet locations, must be received by our office or postmarked no later than August 2, 1999 in order to be considered timely filed. Applications filed by August 2, 1999 will receive processing priority. **Any county, city, village, lottery operator, or sales outlet location whose application is postmarked after the August 2, 1999 due date may not have a 1999-2001 license by October 1, 1999, and may also be subject to an administrative fine.**

New this year are preprinted license renewal applications. For your convenience, a portion of the information that you have submitted in the past has been preprinted on the license application. A separate license renewal application has been preprinted for each lottery operator and sales outlet location. In addition to the location name and address and mailing name and address of the business, the applications are preprinted with the social security number, name, address, title, and percentage of ownership of each owner of the business which we currently have on file. If all of the preprinted information is correct, the license application only requires the signature of an owner of the business and an authorizing signature of a governing official.

However, if the ownership of the business has changed to the extent that a new individual is involved or a new Nebraska Identification Number (State ID Number) has been assigned by the Department of Revenue, **the preprinted license renewal application may not be used.** In these instances, a separate Form 50G, Nebraska Schedule I - County/City Lottery Operator Application or a Form 50G, Nebraska Schedule II - County/City Lottery Sales Outlet Location

Application must be filed. Hopefully, this change will simplify the completion of the license renewal application for you and allow the Department to process your renewal application more efficiently.

Manufacturer-Distributors: Your biennial license renewal application must be received by our office or postmarked no later than August 16, 1999 in order to be considered timely filed. Applications filed by August 16, 1999 will receive processing priority. **Any business whose application is postmarked after the August 16, 1999 due date may not have a 1999-2001 license by October 1, 1999, and may also be subject to an administrative fine.** Incomplete or improperly signed applications will be returned.

In conjunction with this year's license renewal application processing, manufacturer-distributor license renewal applicants will be required to complete and file **updated Personal History Records** for all individuals which are required to file a Personal History Record if such individual has not filed a Personal History Record since January 1, 1998. This includes in the case of a corporation, each corporate officer and his or her spouse and any individual stockholder owning 10 percent or more of the outstanding stock of the corporation; in the case of a partnership, each partner and his or her spouse; in the case of a limited liability company, each member and his or her spouse; and in the case of a sole proprietorship, the individual owner. If a spouse has previously filed with our office an Affidavit for Waiver of Fingerprinting and/or Personal History Record, he or she will not be required to file a Personal History Record.

Want to Know More About Charitable Gaming?

Looking for a speaker for your next conference? Interested in starting a new gaming activity? In need of help understanding gaming requirements, rules, or forms? **CONTACT US!** We have staff members who specialize in gaming-related presentations both formal and informal. No group is too big or too small. Just give us a call and we will make arrangements to suit your group or organization needs, **(402) 471-5937.**

County/City Lottery News Briefs

Total dollars wagered on keno for the period January 1, 1998 through December 31, 1998 were **\$152,298,754**. This represents a decrease of approximately three percent as compared to the total dollars wagered on keno for the previous twelve-month period. Total dollars wagered on keno for the period October 1, 1998 through December 31, 1998 were **\$38,233,961** which represents an increase of about six percent as compared to the previous quarter, July 1, 1998 through September 30, 1998 (\$36,217,424). Total dollars wagered on keno for the period January 1, 1999 through March 31, 1999 were **\$41,111,317** which represents an increase of approximately two percent compared to the same period one year ago (\$40,296,678).

❑ The City of **Wilber** is the only new community issued county/city lottery licenses since August, 1998.

❑ The Cities of **Auburn** and **Overton** and the Village of **Sprague** resumed their county/city lottery activities since our last publication. Sprague has a new lottery operator, Zeilinger Keno Partnership. The City of Ashland has submitted the applications for a new lottery operator.

❑ The Villages of **Brownville** and **Rulo** and the City of **Scribner** have ceased their county/city lotteries since the end of 1998.

Although a few communities have expressed interest in county/city lottery activity, we are not aware of any county, city, or village voting on the implementation of a lottery since the November 3, 1998 election.

Keno Reminders for New License Applications

Please use original forms published by the Charitable Gaming Division or accurate copies that allow a clear view of all data with special attention to the information entered in the shaded areas. All information on our applications is verified and the data is entered prior to issuing the related license. Legibility is critical for us to accurately process your applications. We may ask you to complete a new application if it is difficult to read the one you submit or if there is insufficient or incorrectly formatted information. As our forms are periodically revised, we suggest you check with us to determine whether you are using the most recent version of the form. The current versions of county/city lottery license application forms are available on the Division's web site at **www.nol.org/revenue**, then click on "Charitable Gaming." We normally mail forms within 24 hours of your request.

The name of the county, city, or village is to be entered on all county/city lottery applications along with the Nebraska Identification Number for the governmental unit licensed for the lottery. Your filing of complete and accurate information allows us to expedite entry of the required information. **Please remember to check the type of ownership** on the lottery operator or sales outlet location applications. If the location has a liquor license, the ownership reported for the lottery normally matches that on file with the Liquor Control Commission. Be aware that if an individual, whether single or married, owns the business, it is deemed to be a sole proprietorship unless it is clearly indicated that a partnership has been established.

New Automated Ball Draw System

The Charitable Gaming Division recently finalized a revenue ruling regarding the minimum regulatory requirements associated with the use and operation of an automated ball draw system for the selection of winning numbers in a keno lottery. An automated ball draw system reads an optical code on the keno ball representing the number of the ball selected and electronically transmits the ball number read to the computerized keno system instead of the keno manager or shift supervisor having to manually enter each number selected. The Department recently completed a field test of an automated ball draw system provided by Tripp Plastics, the Auto Keno Vision System (AKV2100). Currently, this system is the only one approved for use in Nebraska. **The use of an automated ball draw system requires the approval of our office** and is also contingent upon the ability of the computerized keno system to interface with the ball draw system. The field test referenced above was performed with a keno system provided by Automated Resources Group, Inc.

Current county/city lottery regulations require the use of three (3) people in the performance of a manual ball draw winning selection process (Reference Regulation 35-613.04). Since there is minimal human intervention associated with the operation of an automated ball draw system, the Revenue Ruling permits one person (keno manager or shift supervisor) to perform the winning number selection process. **If you have any questions regarding the system and the regulatory requirements associated with its use, please contact Steve Schatz at (402) 471-5943.**

GAMING CALENDAR

August		October (cont.)	
2	Pickle Card Operator and County/City Lottery License Renewal Applications Due. Pickle card operators, counties, cities, villages, lottery operators, and sales outlet locations must have their license renewal applications postmarked no later than August 2nd.	30	Form 51 Tax Return and Applicable Schedule(s) Due. Must be postmarked no later than November 1st. Organization Quarterly Reports Due. Forms 35C and 35D for bingo and pickle card activities must be postmarked by November 1st.
16	ALL Other Annual and Biennial License Renewal Applications Due. Organizations, commercial lessors, distributors, manufacturers, and manufacturer-distributors must have their license renewal applications postmarked no later than August 16th. Organization Annual Reports Due. Forms 35, 35A, 35B, and 35C for bingo, pickle card, and lottery/raffle activities must be postmarked no later than August 16th.	November	
		11	All State Offices Closed - Veterans Day
		15	Year 2000 Pickle Card Dispensing Device Registration Renewals Due. Applications to renew registration of pickle card dispensing devices must be postmarked by November 15th.
		25-26	All State Offices Closed - Thanksgiving Holiday
September		December	
6	All State Offices Closed - Labor Day	24	All State Offices Closed - Christmas
30	All Gaming Licenses Expire at Midnight. Last Day of Third Quarter 1999.	31	Last Day of Fourth Quarter 1999. 1999 Pickle Card Dispensing Device Registrations and Decals Expire at Midnight. Organizations and pickle card operators must have a year 2000 decal affixed to dispensing devices after midnight or cease using the device.
October			
1	First Day of 1999-2000 License Year and 1999-2001 Biennial License Period		
11	All State Offices Closed - Columbus Day		
Compulsive Gamblers Assistance			
Compulsive Gambling Help Line 1-800-560-2126			
✓	Gamblers Anonymous (Lincoln) (402) 473-7933	✓	Family Services (Omaha) (800) 762-0868
✓	Gamblers Anonymous (Omaha) (402) 978-7557	✓	Nebraska Council on Compulsive Gambling (Bellevue) (402) 291-0980
✓	Gamblers 12 Step & Family (Omaha) (402) 978-7899	✓	Gamblers Anonymous 1-800-GAMBLER (National)



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